

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

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New Jersey Carpenters Health Fund, On Behalf of :
Itself and All Others Similarly Situated, :

Plaintiff, :

-against- :

NovaStar Mortgage, Inc., NovaStar Mortgage :
Funding Corporation, Scott F. Hartman, Gregory S. :
Metz, W. Lance Anderson, Mark Herpich, RBS :
Securities, Inc. f/k/a Greenwich Capital Markets, Inc. :
d/b/a RBS Greenwich Capital, Deutsche Bank :
Securities, Inc., Wells Fargo Advisors, LLC f/k/a :
Wachovia Securities LLC, Moody's Investors :
Service, Inc., and The McGraw-Hill Companies, Inc., :

Defendants. :
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Civil Action No. 08-CV-5310 (DAB)
ECF Case

DECLARATION OF CHRISTOPHER G. LEE, ESQ.

I, Christopher G. Lee, Esq., make this declaration pursuant to 28 U.S.C. § 1746. I
hereby state as follows:

1. I am an associate at the law firm of Simpson Thacher & Bartlett LLP
("Simpson Thacher"), attorneys for Defendants RBS Securities, Inc. f/k/a Greenwich Capital
Markets, Inc., Deutsche Bank Securities, Inc., and Wells Fargo Securities, LLC f/k/a Wachovia
Capital Markets, LLC, sued as Wells Fargo Advisors, LLC, f/k/a Wachovia Securities, LLC (the
"Defendants") in this action. I respectfully submit this declaration in support of the Defendants'
Memorandum of Law in Opposition to Lead Plaintiff New Jersey Carpenters Health Fund's
Motion for Class Certification solely to place before the Court certain documents referenced in
Defendants' Opposition. I am familiar with the facts and circumstances stated herein, based on
personal knowledge, the attached documents, or review of the files maintained by my firm.

2. Attached as Exhibit 1 is a true and correct copy of [REDACTED]

3. Attached hereto as Exhibit 2 is a copy of excerpts from the NovaStar Mortgage Funding Trust, Series 2006-5 Prospectus Supplement, filed by NovaStar Mortgage Funding Corporation on or about September 22, 2006.

4. Attached hereto as Exhibit 3 is a copy of excerpts from the NovaStar Mortgage Funding Trust, Series 2006-3 Prospectus Supplement, filed by NovaStar Mortgage Funding Corporation on or about June 22, 2006.

5. Attached hereto as Exhibit 4 is a copy of the August 25, 2015 Distribution Statement for the NovaStar Mortgage Funding Trust, Series 2006-5.

6. Attached hereto as Exhibit 5 is a copy of the August 25, 2015 Distribution Statement for the NovaStar Mortgage Funding Trust, Series 2007-2.

7. Attached hereto as Exhibit 6 is a copy of the August 25, 2015 Distribution Statement for the NovaStar Mortgage Funding Trust, Series 2007-1.

8. Attached hereto as Exhibit 7 is a copy of a Federal Bureau of Investigation report entitled *Mortgage Fraud Report 2006*, dated May 2007.

9. Attached hereto as Exhibit 8 is a copy of an article entitled *Cuomo Expands Probe as Appraiser Attest to Pressure (Update 2)*, in Bloomberg, by Sharon Crenson, dated June 20, 2007.

10. Attached hereto as Exhibit 9 is a copy of an article entitled *Ratings Firms' Practices Get Rated*, in The Wall Street Journal, by Aaron Lucchetti, dated September 7, 2007.

11. Attached hereto as Exhibit 10 is a copy of an article entitled *Debt Markets: Another Pounding*, in The Economist, dated July 12, 2007.

12. Attached hereto as Exhibit 11 is a copy of an article entitled *Lehman Shuts Unit; Toll of Lenders Tops 100*, by Rick Green, in Bloomberg, dated August 23, 2007.

13. Attached hereto as Exhibit 12 is a copy of an article entitled *More Borrowers With Risky Loans Are Falling Behind*, by Ruth Simon and James R. Hagerty, in The Wall Street Journal, dated December 5, 2006.

14. Attached hereto as Exhibit 13 is a copy of an article entitled *Calm Returns to Market, but Worries Persist Over Subprime Loans*, by Jenny Anderson and Vikas Bajaj, in The New York Times, dated March 1, 2007.

15. Attached hereto as Exhibit 14 is a copy of an article entitled *Risky Slice of ABX Index Widens Sharply on NovaStar*, by Aparajita Saha-Bubna, in Dow Jones International News, dated February 21, 2007.

16. Attached hereto as Exhibit 15 is a copy of an article entitled *Tremors at the Door*, by Vikas Bajaj and Christine Haughney, in The New York Times, dated January 26, 2007.

17. Attached hereto as Exhibit 16 is a copy of an article entitled *Subprime Mortgage Debacle Leading to Cascade of Lawsuits*, by Alan Zibel, in the Associated Press, dated July 13, 2007.

18. Attached hereto as Exhibit 17 is a copy of an article entitled *Mortgage Mess Unleashes Chain of Lawsuits*, by Tomoe Murakami Tse and Carrie Johnson, in The Washington Post, dated September 11, 2007.

19. Attached hereto as Exhibit 18 is a copy of an article entitled *Rating Action – Servicer: Moody's Places NovaStar's SQ Rating on Review for Possible Downgrade*, by Moody's Investor Service, dated Feb. 22, 2007.

20. Attached hereto as Exhibit 19 is a copy of excerpts from the NovaStar Financial Inc. Annual Report (Form 10-K) for the fiscal year ending December 31, 2006, filed on March 1, 2007.

21. Attached hereto as Exhibit 20 is a copy of the NovaStar Financial Inc. Form 8-K, filed on March 14, 2007.

22. Attached hereto as Exhibit 21 is a copy of an article entitled *Warehouse Lender Exits*, in Mortgage Daily, dated April 27, 2007.

23. Attached hereto as Exhibit 22 is a copy of an article entitled *NovaStar Nixes Wholesale, Employees*, in Mortgage Daily, dated August 17, 2007.

24. Attached hereto as Exhibit 23 is a copy of an article entitled *NovaStar Can't Pay Dividend, Forfeits REIT Status*, by Erik Schatzker and Jody Shenn, in Bloomberg, dated September 17, 2007.

25. Attached hereto as Exhibit 24 is a copy of excerpts from the NovaStar Financial Inc. Quarterly Report (Form 10-Q) for the period ending March 31, 2007, filed on May 10, 2007.

26. Attached hereto as Exhibit 25 is a copy of excerpts from the NovaStar Financial Inc. Quarterly Report (Form 10-Q) for the period ending September 30, 2006, filed on November 7, 2006.

27. Attached hereto as Exhibit 26 is a copy of the NovaStar Financial Inc. Form 8-K, filed on February 20, 2007.

28. Attached hereto as Exhibit 27 is a copy of excerpts from the NovaStar Mortgage Funding Trust, Series 2007-2 Prospectus Supplement, filed by NovaStar Mortgage Funding Corporation on May 25, 2007.

29. Attached hereto as Exhibit 28 is a copy of excerpts from the NovaStar Mortgage Funding Trust, Series 2007-1 Prospectus Supplement, filed by NovaStar Mortgage Funding Corporation on May 25, 2007.

30. Attached hereto as Exhibit 29 is a copy of an article entitled *In Focus: PIMCO's "Housing Project" Tracks the Real Estate Market*, Bloomberg BusinessWeek, dated May 2006.

31. Attached hereto as Exhibit 30 is a copy of an article entitled *Can This Man Save Wall Street?*, by Katrina Brooker, in Fortune, dated November 10, 2008.

32. Attached hereto as Exhibit 31 is a copy of an article entitled *Risk Management: As Home Owners Face Strains, Market Bets on Loan Defaults*, by Mark Whitehouse, in The Wall Street Journal, dated October 30, 2006.

33. Attached hereto as Exhibit 32 is a copy of an article entitled *GE's WMC Mortgage Loans Hit Subprime Index*, by Al Yoon, in Reuters, dated March 9, 2007.

34. Attached hereto as Exhibit 33 is a copy of an article entitled *General Electric to Sell WMC Mortgage, a Subprime Loan Unit*, in The New York Times, dated July 13, 2007.

35. Attached as Exhibit 34 is a true and correct copy of [REDACTED]

[REDACTED].

36. Attached hereto as Exhibit 35 is a copy of an article entitled *Roundup: Fitch Downgrades Hundreds More B&C Classes*, by Terry Peters, in National Mortgage News, dated February 25, 2008.

37. Attached hereto as Exhibit 36 is a copy of an article entitled *NovaStar Unit Hit With Involuntary Bankruptcy Petition*, in the Kansas City Business Journal, dated January 23, 2008.

38. Attached hereto as Exhibit 37 is a copy of excerpts from the NovaStar Financial Inc. Annual Report (Form 10-K) for the fiscal year ending December 31, 2007, filed on April 1, 2008.

39. Attached as Exhibit 38 is a true and correct copy of [REDACTED]

[REDACTED]

[REDACTED].

40. Attached hereto as Exhibit 39 is a copy of an article entitled *Rating Action – Servicer: Moody’s Downgrades The Servicer Quality Rating of NovaStar from SQ3+ and SQ4+ and Places on Review*, by Moody’s Investor Service, dated August 22, 2007.

41. Attached hereto as Exhibit 40 is a copy of a press release entitled, *NovaStar Financial, Inc. Intends to Request a Review of NYSE Determination That It Does Not Meet Applicable Listing Standards and Announces Exploration of Alternative Markets*, attached as Exhibit 99.2 to the NovaStar Financial Inc. Form 8-K, filed on October 17, 2007.

42. Attached hereto as Exhibit 41 is a copy of a press release entitled, *NovaStar Financial Announces Third-Quarter 2007 Results and Third Quarter Investor Conference Call*, attached as Exhibit 99.2 to the NovaStar Financial Inc. Form 8-K, filed on November 14, 2007.

43. Attached hereto as Exhibit 42 is a copy of an article entitled *NovaStar Says Top Executives Were Fired*, by Dan Margolies, in the Kansas City Star, dated December 22, 2007.

44. Attached hereto as Exhibit 43 is a copy of an article entitled *MARI: Stated-Income Loans Invite Fraud*, in National Mortgage News, dated July 18, 2006.

45. Attached hereto as Exhibit 44 is a copy of an article entitled *New Headache for Homeowners: Inflated Appraisals*, by James R. Hagerty and Ruth Simon, in The Wall Street Journal, dated July 22, 2006.

46. Attached hereto as Exhibit 45 is a copy of an article entitled *Town's Residents Say They Were Targets of Big Mortgage Fraud*, by James R. Hagerty and Michael Hudson, in The Wall Street Journal, dated September 28, 2006.

47. Attached hereto as Exhibit 46 is a copy of the Interagency Guidance on Nontraditional Mortgage Product Risks, issued by the Office of the Comptroller of the Currency, Board of Governors for the Federal Reserve System, Federal Deposit Insurance Corporation, Office of Thrift Supervision, and National Credit Union Administration, dated September 29, 2006.

48. Attached hereto as Exhibit 47 is a copy of an article entitled *Will Other Mortgage Dominoes Fall?*, by Gretchen Morgenson, in The New York Times, dated February 18, 2007.

49. Attached hereto as Exhibit 48 is a copy of an article entitled *GM Delays Filing, Stoking Doubts*, by Mike Spector, John D. Stoll, and Lingling Wei, in The Wall Street Journal, dated March 2, 2007.

50. Attached hereto as Exhibit 49 is a copy of an article entitled *Appraisal Inflation*, by Kenneth R. Harney, in The Washington Post, dated April 21, 2007.

51. Attached hereto as Exhibit 50 is a copy of a speech given by Chairman Ben S. Bernanke to the 2007 International Monetary Conference in Cape Town, South Africa, on June 5, 2007.

52. Attached hereto as Exhibit 51 is a copy of an article entitled *S&P Changes Subprime Ratings Methodology*, dated July 10, 2007.

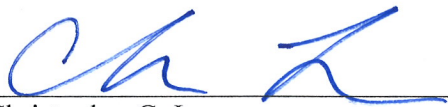
53. Attached hereto as Exhibit 52 is a copy of an article entitled *Subprime Crisis Far From Over: S&P*, by Saikat Chatterjee and Anurag Joshi, in Reuters, dated October 9, 2007.

54. Attached hereto as Exhibit 53 is a copy of an article entitled *More Banks Brace for Subprime Spanking; JPMorgan, Bank of America, Wachovia, E-Trade Line Up*, by Greg Farrell, in USA Today, dated November 12, 2007.

55. Attached hereto as Exhibit 54 is a copy of an article entitled *Loan Blame Game Now In Court*, by Walter Hamilton, in The Los Angeles Times, dated March 3, 2008.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: September 30, 2015
New York, New York



Christopher G. Lee